



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture

June 29, 1998

**DeBruce Grain Inc. Takes Second Look at Safety Steps.** No cause, exact extent of damage, nor exact number of fatalities has been determined for the grain dust explosion that tore apart a half-mile-long DeBruce Grain Elevator in Haysville, Kansas on June 8. In addition to 38.8 million bushels of storage space being destroyed (4% of the state's capacity), millions of bushels of wheat were lost as well. Inspectors from the U.S. Department of Agriculture reportedly had cited the elevator twice for excessive grain dust. Agriculture Secretary Dan Glickman stated that the company was taking actions requested of it to correct the problem. Mike Shaffter, Director of Insurance Operations of Kansas Farmers Service Association says, "Over the years a lot more measures have been implemented to try to improve safety. But when something of this magnitude happens, it makes people look twice." Among the safety measures undertaken are elimination of sources of ignition, such as workers' welding and cutting torches. Some buildings have been made to vent explosions to keep them from spreading. Equipment maintenance is also important because faulty wiring or burned-out bearings could cause a spark. Pending determination of the cause of the Haysville explosion, insurers say they are not sure what—if anything else—they need to do to improve safety. "We might emphasize more safety training," said Mr. Shaffter. "We need to constantly keep out in front of the situation." (*Journal of Commerce*)

**Problems Tighten U.S. Farm Economy.** After dealing with last year's rail congestion, grain farmers are now faced with a new set of problems, making prospects for a profitable year even more questionable. Two very important factors influencing U.S. agriculture are the economic crisis in Asia and abundant worldwide production. Both serve to weaken grain exports and prices for the U.S., which would normally depend upon foreign customers to purchase about a third of its grain volume. Adding to export dilemma are such things as the strong U.S. dollar, increasing the cost of U.S. grain relative to foreign markets; price supports provided by foreign governments to their farmers, creating a less competitive environment; and such things as the recent embargo imposed upon India and Pakistan, decreasing a grain outlet in what is an already tight world market. U.S. producers and shippers are also facing a set of problems on the domestic front, not the least of which is the increasing problem of storage space, as farmers hold on to their grain, awaiting higher market prices. The problem is most evident in Kansas, the largest wheat producing state. There, several elevators have been forced to store wheat on the ground. This is due, in part, to the explosion at the DeBruce Grain elevator, which decreased Kansas' total storage capacity by about 4 percent. In addition, good weather provided the opportunity for a fast harvest, making it difficult for trucks to cycle in and out of the elevators while keeping up with the supply from the fields. This has essentially created a truck shortage, forcing many of those elevators that depend entirely upon truck transportation to store grain on the ground. Wheat may be stored on the ground for roughly two weeks with few problems, but should be moved within a month. Lastly, a crisis of a different nature, disease, is affecting wheat farmers in parts of Minnesota. Polk county farmers, Mike and Brenda Finkenbinder, saw a 10-year average of 50 bushels per acre decrease to 22 bushels per acre last year due to scab. The Finkenbinders have since switched from growing wheat to growing corn and alfalfa, determined to stay in farming. Brenda Finkenbinder states, "...this is a farming community, and we're very successful in farming." (*AP, Bridge News, The Wichita Eagle, Reuters*)

**Germany Pushes To Maintain EU Price Supports.** Speaking with *Reuters*, prior to a preharvest conference, German farm minister, Jochen Borchert, firmly stated that he intends to oppose a cut in European Union (EU) grain support prices. A 20-percent decrease in support prices was proposed in the Agenda 2000 reforms by the Commission for next year. However, Borchert stated that, "Instead of rushing into price cuts, we should await developments in the world grain markets..." There is no need to cut prices across the board, especially not without matching compensation," Borchert continued. He also stated that subsidization is the most important tool to decreasing market oversupply and blamed the Commission for not developing a policy to aggressively export grain during 1997/98. The EU currently faces problems similar to those of the U.S., overflowing public and industry stocks, weak prices, and low demand. (*Reuters*)

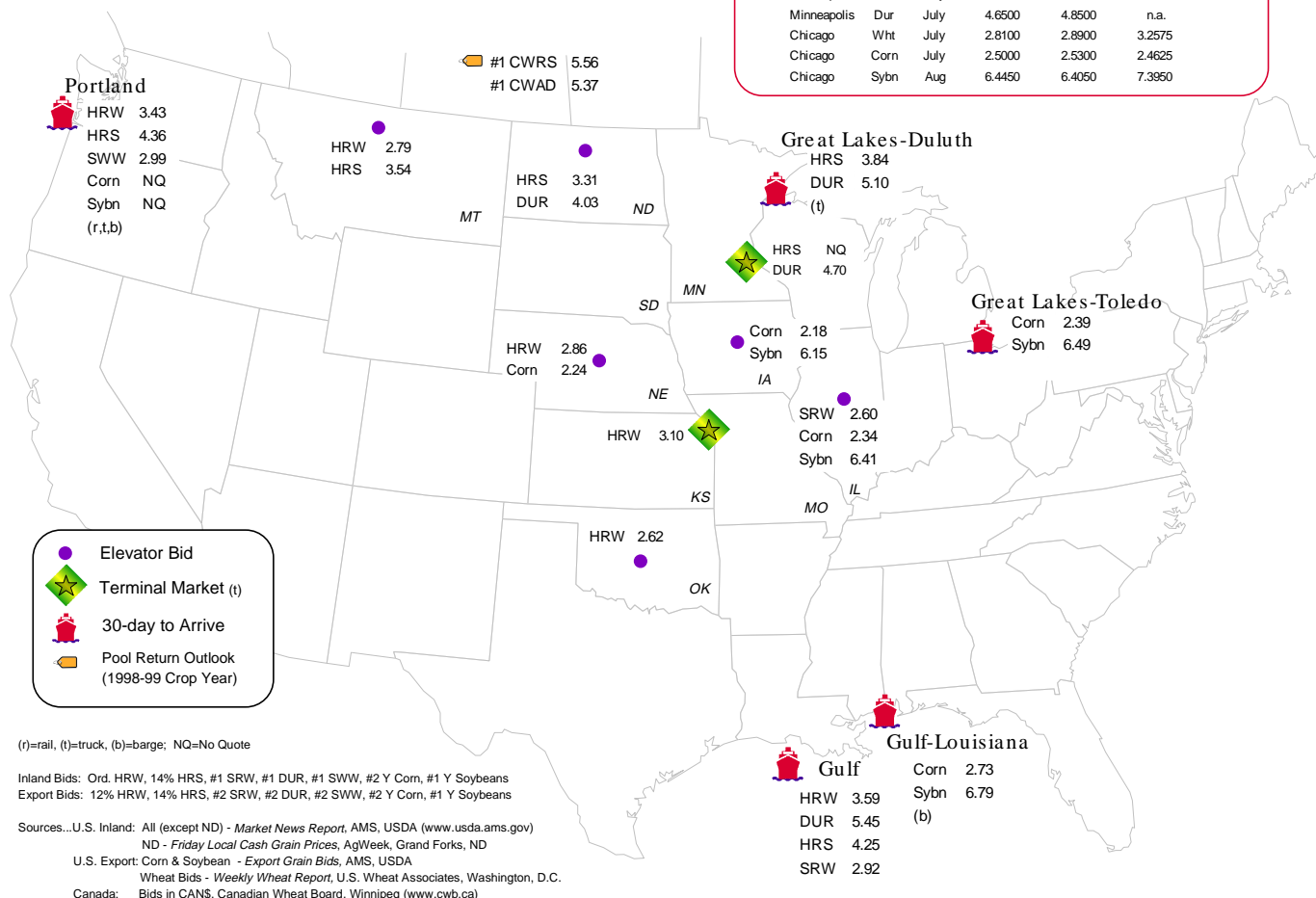
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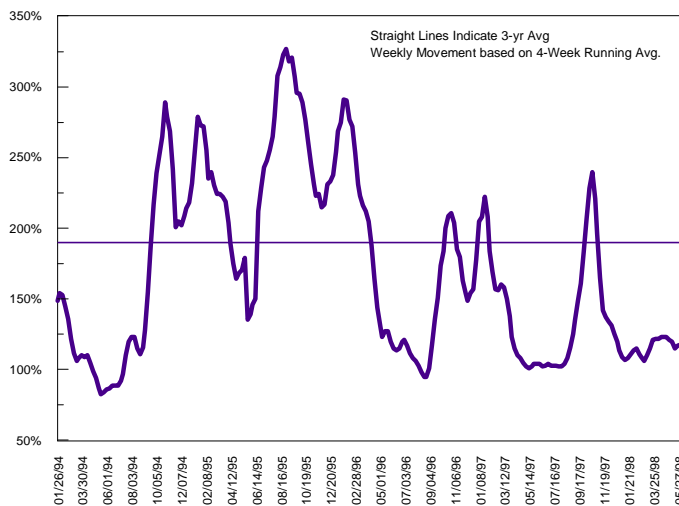
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## Grain Bid Summary

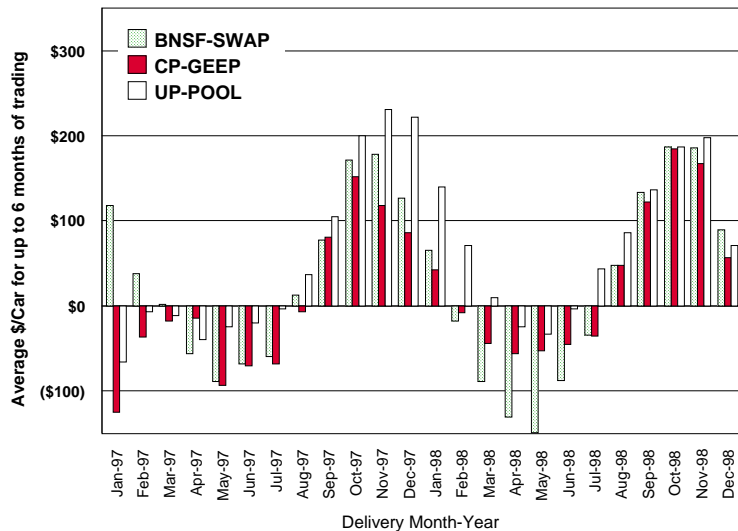


## Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



## Secondary Rail Market Bids

See the Grain Trax page at [www.ugpti.org](http://www.ugpti.org) for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Aug-98		Oct-98	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	6,508	68%	5,645	41%
<b>UP-GCAS</b>	5,400	79%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

### Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jul-98	Aug-98	Sep-98	Oct-98
BNSF-COT	\$(15)	\$24	\$108	\$152
CP-GEEP	\$(14)	\$57	\$105	\$175
UP-Pool	\$46	\$99	\$128	\$106

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool  
*note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted*

### Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Aug-98	Oct-98	Nov-98
COT/N. Grain	\$11	\$234	\$213
COT/S. Grain	\$0	\$222	\$205
GCAS/Region 2	no offer	no offer	no offer
GCAS/Region 4	\$39	no offer	no offer

Source: T&M/AMS/USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com),  
 (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

### Southbound Barge Freight Nominal Values\*

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
6/26/98	Upper Miss.	twk	200-220
		July	210
	Mid Miss.	twk	175
		nwk	170
		July	165
		Aug.	175
		Sept.	195
	Illinois River	twk	170-175
		July	165-170
	St. Louis	twk	140-145
	Lower Miss.	twk	175

### Southbound Barge Freight Spot Rates

	6/24/98	6/17/98	July '98	Sept. '98
Twin Cities	217	188	197	223
Mid-Mississippi	178	157	168	197
Illinois River	173	148	155	183
St. Louis-Cairo	142	120	128	167
Lower Ohio	128	108	128	180
Cairo-Memphis	127	108	123	163

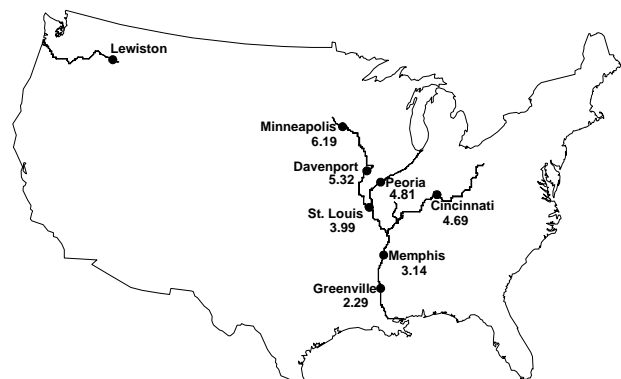
Source: Transportation & Marketing /AMS/USDA  
 nq- no quote

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

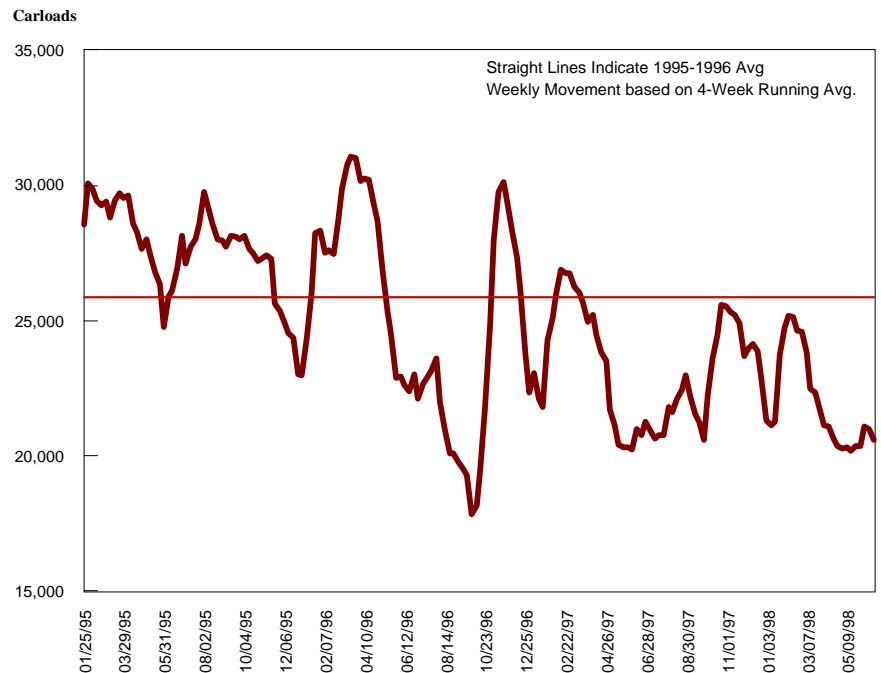
nwk=next week

### Barge Benchmark Tariff Rates Est. 1976 - 'Tariff No. 7'



## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
6/6/98	22,086
6/13/98	19,924
6/20/98	19,652
Year to Date - 1998	529,584
Year to Date - 1997	568,049
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



## Class I Rail Carrier Grain Car Bulletin

Carloads

			East		West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
06/20/98	549	2,167	1,722	2,410	6,694	556	5,554	1,394	3,812
This Week Last Year	590	2,134	1,439	2,706	8,232	731	7,280	3,691	6,988
1998 YTD	16,244	58,170	34,683	61,276	192,659	15,536	151,016	58,659	98,776
1997 YTD	12,321	57,071	38,654	59,062	189,760	16,806	190,459	73,249	113,303
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

## Tariff Rail Rates for Unit Train Shipments

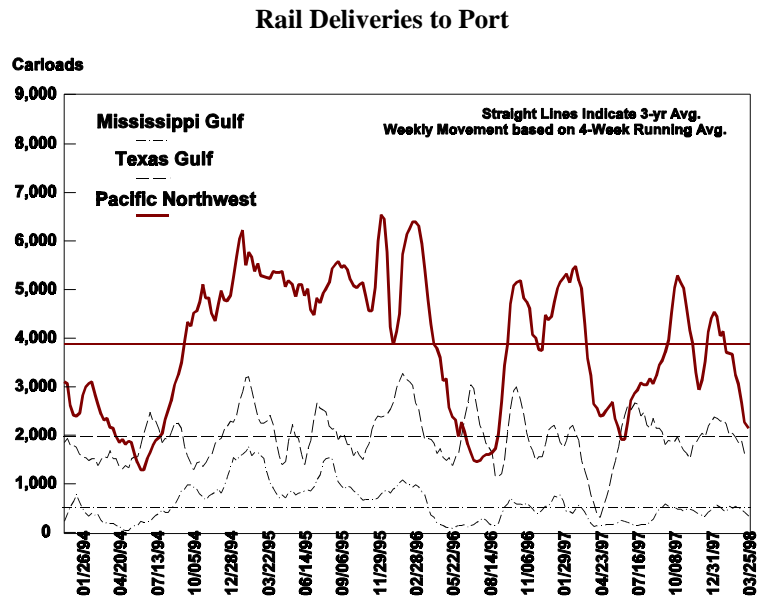
June 1998

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
05/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
05/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,350	\$12.25	\$0.41
05/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$3,812	\$34.59	\$1.14
05/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,505	\$31.81	\$1.05
05/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
05/01/98	33111	Corn	Kansas City, MO	Houston, TX	\$1,450	\$11.57	\$0.41
05/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$20.75	\$0.73
05/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
05/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,080	\$27.95	\$0.92
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

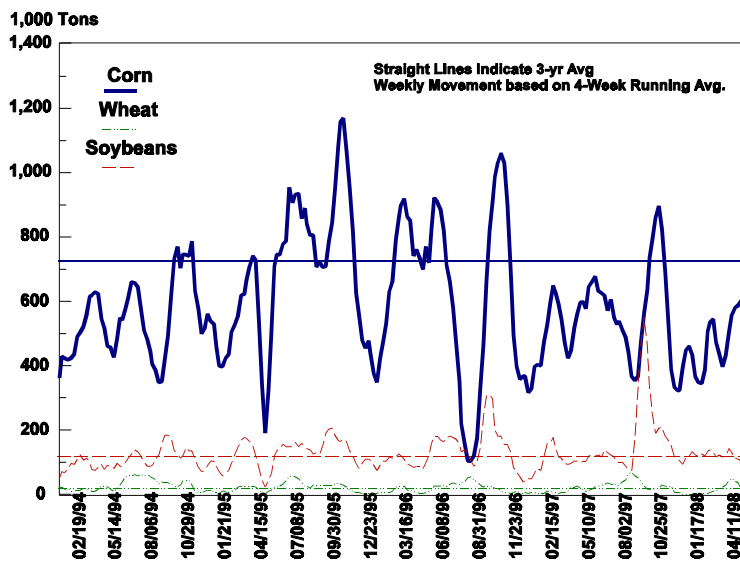
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

<b>Rail Deliveries to Port</b>				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
6/3/98	273	1,417	2,257	10
6/10/98	67	1,924	1,738	145
6/17/98	71	2,120	1,691	35
YTD 1998	8,897	46,638	72,350	5,949
YTD 1997	10,211	35,408	99,400	3,066
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304
Source: Transportation & Marketing/AMS/USDA				



## Barge Movements - Locks 27

**Barge Grain Movements**

for week ending 06/20/98

	Corn	Wht	Sybn	Total
1,000 Tons				
<b>Mississippi River</b>				
Rock Island, IL (L15)	415	44	39	497
Winfield, MO (L25)	492	11	83	585
Alton, IL (L26)	648	11	118	779
Granite City, IL (L27)	686	11	121	820
<b>Illinois River (L8)</b>	231	0	37	270
<b>Ohio (L52)</b>	12	13	3	51
<b>Arkansas (L1)</b>	0	8	4	12
1998 YTD	12,202	818	3,740	18,397
1997 YTD	13,113	661	3,372	19,014
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963
Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.				
Source: U.S. Army Corp of Engineers				

**U.S. Export Balances\*** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
06/18/98	1,796	259	1,022	585	217	3,878	6,587	1,919	12,384
This Week Year Ago	1,917	1,004	916	403	373	4,613	8,860	4,622	18,095
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	398	109	304	129	0	940	29,194	22,723	52,857
96/97 YTD	291	62	383	354	21	1,110	37,142	22,540	60,792
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236
94/95 Total	10,157	5,453	7,686	5,837	893	30,026	54,742	23,410	108,178

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn &amp; Soybeans=9/01-8/31

**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
06/25/98	125	11	2	87	666	47	258	5	0
1998 YTD **	4,614	3,128	402	2,515	13,022	7,393	3,103	190	580
1997 YTD **	5,677	5,747	903	1,819	14,419	8,687	1,271	942	422
% of Last Year	81%	54%	44%	138%	90%	85%	244%	20%	137%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

Source: Federal Grain Inspection Service \*Year Ago-This Week a Year Ago \*\* YTD-Year-to-Date

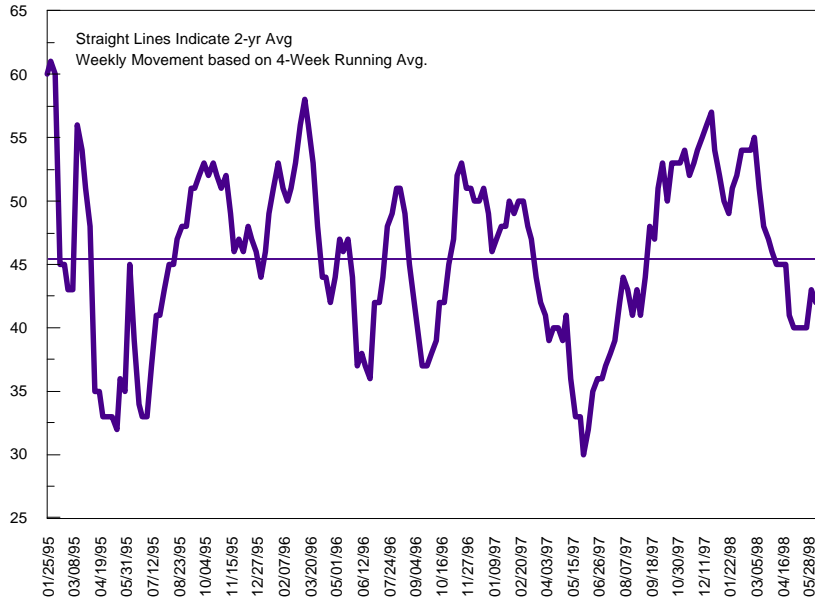
**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 06/18/98			
Vancouver	5,910	1,185	988
Prince Rupert	3,657	31	392
Prairie Direct	1,001	348	425
Thunder Bay	525	301	302
St. Lawrence	3,362	1,993	8
1997 YTD Exports	14,455	3,858	2,115
1996 YTD Exports	12,729	3,545	3,081
% of Last Year	114%	109%	69%

Source: Canadian Grains Commission \*Year Ago-This Week a Year Ago \*\* YTD-Year-to-Date Crop Year 8/1-7/31

Vessels



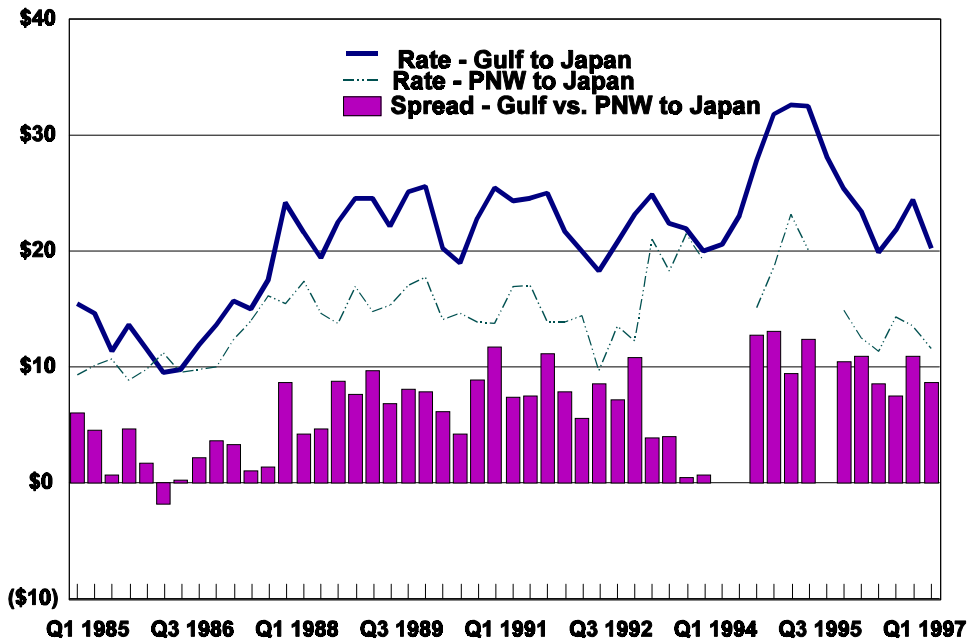
**Gulf Region  
Vessels Loaded  
- Past 7 Days-**

### Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
06/18/98	23	49	56	7			5	3	5
06/25/98	27	40	59	7			10	5	5
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	46	61						

Source: Transportation & Marketing /AMS/ USDA

## US\$/Metric Ton



Quarterly Ocean Freight Rates

## Quarterly Ocean Freight Rates

Weighted Average Rates &amp; Vessel Size, U.S. Dollars/Metric Ton - Basis

	1997 1 <sup>st</sup> Qtr	1996 1 <sup>st</sup> Qtr	% Change		1997 1 <sup>st</sup> Qtr	1996 1 <sup>st</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$18.24	\$25.29	-28%	Japan	\$10.08	\$15.08	-33%
Mexico	\$12.15	\$17.99	-32%	Red Sea/ Arabian Sea		\$20.17	
Venezuela	\$11.13	\$16.73	-33%				
N. Europe	\$9.85	\$12.60	-22%	<b>Argentina to</b>			
N. Africa	\$14.65	\$18.84	-22%	N. Europe	\$12.32	\$17.98	-31%
				Japan	\$20.93	\$33.64	-38%

Source: Transportation &amp; Marketing/AMS/USDA

## Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Holland	Grains	July	90,000	\$8.00
Gulf	Egypt (Med.)	Wheat	July	55,000	\$9.50
Gulf	Japan	Heavy Grains	July	33,000-54,000	\$13.70-14.85
Gulf	So. Korea	Heavy Grains	August	52,500	\$13.00
Gulf	Taiwan	Heavy Grains	July	57,000	\$13.50
Paranagua (Brazil)	Holland	Grains	July	45,000	\$11.35
River Plate (Argentina)	Caldera (Chile)	Heavy Grains	June	23,500	\$16.25
R. Plate/Nec./B. Blanca	Japan	Heavy Grains	July	54,000	\$13.90
R. Plate/Nec./B. Blanca	Iran	Heavy Grains	Prompt	50,000	\$18.00
Rouen (France)	Cuba	Wheat	Prompt	26,250	\$17.00

Source: Maritime Research Inc.